

VISIONS of CAMBODIA

ISSUE 116: 01-15 June 2023

PM: CAMBODIA'S ECONOMY PROJECTED TO GROW BY 5.6 PCT THIS YEAR



Cambodian Prime Minister Hun Sen said that the country's economy is expected to achieve a 5.6 percent growth rate in 2023, up from 5.2 percent in 2022.

Peace, together with the successful control of the COVID-19 pandemic, has laid a strong foundation for the Southeast Asian country to recover its economy from the pandemic, he said.

"It's essential for all of us to protect the peace, which is the most important prerequisite for national development." Prime Minister Hun Sen said in a speech during a get-together with nearly 20,000 garment factory workers on 10 June.

The World Bank said in its May economic update that Cambodia's economy remained robust, driven by pent-up consumer demand, agriculture, and the return of foreign tourists after China's reopening earlier this year.

The leader said the Regional Comprehensive Economic Partnership (RCEP) agreement, the Cambodia-China Free Trade Agreement and the Cambodia-Republic of Korea Free Trade Agreement have also given a boost to the growth. The country's economy mainly relies on garment export, tourism, agriculture and real estate and construction.

The International Monetary Fund said in its recent World Economic Outlook that Cambodia is among the three most robust RCEP economies in 2023 alongside the Philippines and Vietnam.

CAMBODIAN PM DEDICATES HISTORIC ACHIEVEMENTS OF SEA GAMES -ASEAN PARA GAMES 2023 TO ALL STAKEHOLDERS



Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia, has dedicated the successful achievements of the 32nd SEA Games and the 12th ASEAN Para Games to all stakeholders, calling them historic eminences for the next generations.

The Prime Minister conveyed the honour while holding a get-together with over 16,000 factory workers and employees in Kandal Stung district, Kandal province on 10 June.

In this regard, Samdech Techo Hun Sen thanked the National Paralympic Committees of Cambodia and the participating countries, ASEAN Para Sports Federation (APSF), national and international technical teams, competent

authorities, volunteers, and the Cambodian people as a whole for their endless efforts to contribute to successfully and smoothly hosting the SEA Games-ASEAN Para Games 2023.

The Prime Minister attributed the successful hosting of the regional games to the current full peace, political stability, security and order in the country.

Taking the opportunity, Samdech Techo Hun Sen reminded that Cambodia would have three days off on July 22-24 for the 7th National Election and called on eligible voters to go to the polls on Sunday, July 23, 2023.

CAMBODIA-UAE CEPA TO BOOST BILATERAL RELATIONS AND COOPERATION TO A NEW LEVEL

The Kingdom of Cambodia and the United Arab Emirates (UAE) have appreciated their Comprehensive Economic Partnership Agreement (CEPA) in contributing to further elevating blossoming bilateral relations and cooperation for their mutual benefit.

The appreciation was made during a bilateral meeting between Deputy Prime Minister and Minister of Foreign Affairs and International Cooperation of Cambodia H.E. Prak Sokhonn

Continued on page (2)

CAMBODIA-UAE CEPA TO BOOST BILATERAL ... AUTOMATED TRADING SYSTEM FOR E-COMMERCE LICENSE INAUGURATED



and visiting HE Thani bin Ahmed Al Zeyoudi, Minister of State for Foreign Trade of UAE, at the ministry office in Phnom Penh on 8 June.

According to a press release of Ministry of Foreign Affairs and International Cooperation, both sides expressed deep satisfaction at the flourishing bilateral relationship and shared optimism at the potentials for a further expansion of exchanges between the two nations.

Both parties reviewed opportunities in trade, investment, tourism, connectivity, energy, agriculture, logistics and human resources. They noted that the bilateral trade volume has increased and expressed confidence that the Comprehensive Economic Partnership Agreement between Cambodia and the UAE signed would significantly contribute to elevating the bilateral relationship to a new height.

Both sides also exchanged perspectives of interest between the two regions. H.E. Thani bin Ahmed Al Zeyoudi expressed the gratitude of the UAE for Cambodia's Chairmanship of ASEAN in 2022 which enabled the accession of his country to the Treaty on Amity and Cooperation in Southeast Asia (TAC) and for its support for the UAE as a Sectoral Dialogue Partner within the Association of Southeast Asian Nations (ASEAN).



Minister of Commerce Pan Sorasak presided over the inauguration ceremony of an automated system for applying for a business license or e-commerce license.

The ceremony was held at the Ministry of Commerce office on June 14.

The minister appreciated the efforts of all leaders and officials at the General Department of Business Services and Intech Dev Co Ltd for the successful implementation of the automation system, the ministry said in a release.

The e-commerce sector is a potential new business trend worldwide in the era of digital economy or Industrial Revolution 4.0. In recent years, electronic business operations such as buying and selling goods and services in Cambodia have been growing significantly.

The minister said that government approved the Law on Electronic Commerce on November 2, 2019 and Sub-Decree No. 134, dated August 27, 2020 on determining the types, procedures and procedures of issuance of licenses or licenses to intermediaries and individuals providing e-commerce services and exemptions.

The minister reminded that in the past, applicants for licenses had to fill in the information and attach the required documents in hard copy, pay the service fee and receive the license in hard copy directly at the ministry.

The ministry developed the automated system for applying for licenses in order to facilitate, reduce time and budgets.

CAMBODIA DONATES USD300,000 WORTH OF HUMANITARIAN AID TO MYANMAR HIT BY CYCLONE MOCHA



The Royal Government of Cambodia (RGC) has donated USD300,000 as humanitarian aid to support the ongoing efforts of the Republic of the Union of Myanmar in addressing the impact of the recent calamity of Cyclone Mocha, which tragically resulted in the loss of hundreds of lives and extensive damage to properties and infrastructure in Myanmar's Rakhine State.

The financial package was handed over by H.E. Dr. Nhim Khemara, Secretary of State at the

Ministry of Foreign Affairs and International Cooperation (MFAIC), to H.E. U Thit Linn Onh, Ambassador of Myanmar to Cambodia, at the MFAIC on 2 June 2023.

On the occasion, H.E. Dr. Nhim Khemara extended the deepest condolences for far-reaching effects on lives and properties of the Myanmar people, hoping that Myanmar would swiftly overcome these challenging circumstances.

"The aforementioned compassionate gesture reflects the essence of humanity, forging the bond of friendship and solidarity of the Kingdom of Cambodia with the Republic of the Union of Myanmar amidst the hardship with a view to contributing to facilitating the recovery process," underlined a press release of MFAIC.

CASHEW NUT INDUSTRY SEEKS USD 300 MILLION WORKING CAPITAL



The cashew nut sector in Cambodia needs at least USD 300 million per year in working capital, according to a senior official from the industry.

“We need at least USD 300 million a year as working capital for the cashew sector. If we get a USD 100 million loan from an SME bank with a favourable interest rate, it will help us a lot,” Mr. Silot Uon, Country Director, Cashew Nut Association of Cambodia (CAC).

“Our non-farming members will use the loans to buy raw materials for stockpiling and processing for exports,” he said.

The Cambodian government has already identified cashew as an agro-industrial crop and also one of the 12 priority crops and has been taking various steps to raise its output and competitiveness through economic diversification.

The government also enacted the National Policy on Cashew Nuts for 2022-27 which aims to increase production and value-added. It is aimed at increasing cashew production, improving the quality of the commodity, promoting the setting up of local processing and value-addition and increasing the domestic processing capacity to at least 25 percent by 2027 and 50 percent by 2032.

Mr. Silot Uon said that the lack of capital has been a long-standing issue for the industry.

“When we do not have working capital to buy cashew nuts, the raw cashew nuts would be sold abroad. This often results in the production lines being shut down for months

at a time. Some companies are out of stock for three or eight months,” he pointed out.

He stated that while the interest rate affordable for cashew farmers is 5.5-7 percent a year, the current rate being offered by banks and financial institutions is around 12 percent.

Cambodia produced 510,000 tons of raw cashew nuts in the first four months of this year.

The exports to Vietnam, which is the main market for Cambodia, fell 13.04 percent to 483,000 tons when compared with the same period in the previous year.

Mr. Silot Uon said that large-scale farmers dried their crops in the hope of selling them for a higher price in August.

Cambodia exports about one million tons of unprocessed cashew nuts, according to reports.

The country requires investment in processing facilities to produce finished cashew products, according to experts.

The main markets for processed cashew products are Europe and Japan. In 2022, Cambodia exported \$1 billion worth of fresh cashew nuts.

Cambodia exported 600,000 tons of fresh cashew nuts in 2019, 950,000 tons in 2020, and 1.1 million tons in 2021. More than 500,000 hectares of land are under cashew cultivation in 10 provinces.

According to the latest report from CAC, the top provinces that cultivate cashew nuts in the country are Kampong Thom (115,021 hectares), Preh Vihear (84,391 ha), Kratie (82,374 ha), Stung Treng (67,306 ha), Ratanakiri (32,523 ha), Siem Reap (29,305 ha), and Kampong Cham (27,164 ha).

ADB SAYS CAMBODIA ABOUT TO GRADUATE FROM LEAST DEVELOPED COUNTRY STATUS

Two decades after its inclusion on the list of the least developed countries, Cambodia met the graduation criteria for the first time in 2021, with plans to graduate as early as 2027, said an Asian Development Bank (ADB) report.

“This is a major achievement, as graduation from the least developed country status means that a country has achieved significant economic and social development goals,” the report said.

However, the least developed country graduation also presents challenges, it said, adding that graduation means the loss of preferential trade benefits, including duty-free status and favorable “rules of origin.”

The report said Cambodia is one of the few least developed countries that has dramatically increased its exports to the European Union through preferential treatment and lenient rules of origin, allowing its products to enter Europe duty-free. “Cambodia must work to ensure that alternative market access is available after graduation and further improve its competitiveness,” it said.

The report said Cambodia has benefited from multilateral and bilateral free trade agreements (FTAs) such as the Regional Comprehensive Economic Partnership (RCEP), the Cambodia-China FTA, and the Cambodia-South Korea FTA.

According to H.E. Penn Sovicheat, Undersecretary of State and Spokesman of the Ministry of Commerce, the RCEP, together with other bilateral FTAs, has not only given a boost to the kingdom’s sustainable trade growth but also become a magnet to attract more foreign direct investments.

“This RCEP agreement will help Cambodia graduate from its least developed country status, likely by 2028 and to achieve its goals of becoming an upper-middle income country in 2030 and a high-income nation by 2050,” according to H.E. Penn Sovicheat.

The RCEP agreement comprises 15 Asia-Pacific countries including 10 ASEAN member states — Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam — and their five trading partners, namely China, Japan, South Korea, Australia and New Zealand.

ANGKOR RESORT RECORDS OVER 300,000 FOREIGN TOURISTS, EARNING US\$16 MILLION IN FIRST FIVE MONTHS

Cambodia's famed Angkor Archaeological Park received 344,755 foreign tourists in the first five months of this year, earning more than USD16 million from ticket sales, the state-owned Angkor Enterprise said 12 June.

The figures show an increase of 653 percent and 765 percent, respectively, the source pointed out.

In May alone, it added, the park attracted 45,759 foreign visitors, making USD2 million in revenue from ticket sales.

Located in the northwestern Siem Reap province, the 401-square-kilometre Angkor Archaeological Park, inscribed on the World Heritage List of the United Nations Educational, Scientific and Cultural Organisation (UNESCO) in 1992, is the most popular tourist destination in the Southeast Asian country.

More foreign tourists are expected to visit Cambodia once the new Angkor Siem Reap International Airport in Siem Reap province is put into use in October this year, said H.E. Top Sopheak, Secretary of State and Spokesperson of the Ministry of Tourism.

"Foreign arrivals to Cambodia have significantly increased as air routes have been added and connected directly to Cambodia," he said.

Cambodia is expected to attract 4 million international visitors in 2023, including 1 million Chinese tourists, he said.

The entrance fee for a one-day visit to the park is USD37, a three-day visit costs USD62, and a week-long visit USD72.

Last year, Cambodia welcomed 2.2 million foreign tourists, generating USD1.41 billion, said a Ministry of Tourism's report.

